

dilation and its connection with the State ended in 1866 by the sale of the State stock.

The State Bank of Indiana stands out, in the language of Mr. Horace White, a "notable tribute to sound banking principles from the weltering mass of bank failures of the period covered." The first bank of State was created originally as a private institution and adopted by the constitution of the State upon her admission 1111816 as a public bank. The experiment was a failure and it was not until 1834 that the State Bank of Indiana was incorporated, with ten branches. The parent bank, with a president and five directors elected by the legislature, acted as a sort of board of control over the branches, each of which was organized with a capital of \$160,000 and chose one director as a part of the board of control. The two essential differences between the Bank of Indiana and the other banks of State were the payment of the capital in actual cash and the issue of notes upon liquid assets. The State, which took half the capital of each branch, paid its proportion in silver and advanced five-eighths of the private capital by the sale of five per cent, bonds in London, taking mortgage security for the final payment by the shareholders and crediting them with the dividends paid by the bank. The remaining three-eighths of the private capital was paid in cash by the shareholders, and each shareholder was made liable for an amount equal to his stock and the branches were jointly liable for each other's debts. The bank had a circulation in 1839 of \$2,951,594.

The State Bank maintained a high credit, but was unable to obtain the renewal of its charter upon its expiration in 1857 because of a provision in the new constitution of 1851 that "the State shall not be a stock-holder in any bank after the expiration of the present bank charter." The State realized profits of \$3,500,000 on the \$1,000,000 invested in the institution, and its management had done so much for the development of the State that special privileges were given to a new State Bank of Indiana which was chartered March 3, 1855.

The act of incorporation was quietly carried